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USUN FOR S.KOTIS

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TAGS: [EFIN](#) [AORC](#) [KUNR](#) [WMO](#)

SUBJECT: WMO EXECUTIVE COUNCIL 57TH SESSION: FINANCIAL AND
ADMINISTRATIVE MATTERS

SUMMARY

[11.](#) (U) This cable provides an overview of the key financial and administrative matters considered by the World Meteorological Organization's (WMO) Executive Council (EC) at its 57th session from June 21 to July 1 and by the WMO Financial Advisory Committee (FINAC) at its June 20 session. Reporting on the WMO Audit Committee and coverage of the fraud investigation and follow-up will be provided SEPTTEL.

[12.](#) (U) Overall, the EC's decisions on financial and administrative matters were in line with USG positions. Most noteworthy were decisions that the WMO Secretary-General: 1) prepare a zero-nominal-growth budget, 2) strengthen the internal audit function on an urgent basis and explore the option of outsourcing all or part of it, 3) arrange for annual external audits, 4) prepare a budget for the 15th financial period (2008-2011) based on an improved results-based budgeting approach, 5) present a tailor-made code of ethics for WMO at the EC's 58th session, and 6) harmonize WMO paternity leave policy with relevant International Civil Service Commission guidelines. As an added bonus, the S-G presented for the first time charts of information about WMO's consultancy contracts and procurement actions.

PROGRAM AND BUDGET 2006-2007

[13.](#) (U) The EC accepted the S-G's proposed budget of CHF 126.6 million (about \$99 million) for the second biennium (2006-2007) of the 14th financial period (2004-2007). The amount is the remainder of the funding that Congress approved for the 14th financial period after subtracting expenses for the first biennium (2004-2005). There was little debate regarding the allocation of funds to particular programs.

[14.](#) (U) The EC accepted the S-G's proposals for spending the surplus of about CHF 5.5 million (about \$4.3 million) still remaining from the previous 13th financial period (2000-2003). The 14th Congress waived on an exceptional basis Financial Rule 9.1, which requires that a surplus be returned to the Members. Accordingly, the S-G is permitted to spend the surplus from the 13th financial period during the 14th financial period to support a specified group of high-priority programs. There was little debate about the S-G's proposed allocation of the surplus to high-priority activities.

PROGRAM AND BUDGET 2008-2011

[15.](#) (U) Looking ahead to the 15th financial period, the EC began consideration of the next four-year program and budget. The S-G indicated his plan to submit a program and budget proposal based on zero real growth. That budget would amount to CHF 262 million (about \$205 million), which starts with the base of CHF 249.8 million (about \$195 million) and accounts for 1.9% annual inflation. Numerous PermReps rejected the idea of simply topping up the budget by accounting for inflation and pressed the S-G to build a budget based on what WMO plans to achieve during the financial period. In this regard, the EC decided the following:

-- It requested that the S-G submit budget proposals for the 15th financial period based on zero-real-growth and zero-nominal-growth and using the figure of CHF 249.8 million as the base. Moreover, the EC requested that the budget proposals be developed using a results-based budgeting approach and taking into account the 7th Long-Term Plan, now under development.

-- It requested that the budget presentation show all

sources of income, not just Members' contributions, so that Members will not be overassessed.

-- It emphasized that Financial Rule 9.1 would not be waived for the 15th financial period and that the WMO would have to return any surplus from the 14th financial period to Members.

-- It requested the formation of an ad hoc group on presentation of program and budget for 2008-2011 that would provide the S-G guidance on an improved results-based budgeting approach.

16. (U) The ad hoc group on the presentation of program and budget for 2008-2011 will meet just after the next session of the Audit Committee, which will be held October 24-25, 2005. The U.S. PermRep to the WMO was designated as one of seven core members of this ad hoc group, in which any interested PermRep to WMO may participate.

----- EFFORTS TO COLLECT ARREARS -----

17. (U) The S-G reported that a number of Members have sizeable arrears dating back a number of years. As a result 50 Members (27% of the total membership) have lost the right to vote. The S-G noted that Members tend to pay off their arrears just before Congress (every four years) so they will be able to vote, which results in an uneven flow of cash. The S-G proposed several options aimed to facilitate payment of arrears. These included:

-- Allowing repayment plans for countries whose yearly installment exceeds 200% of their assessed contribution to be extended up to 15 years.

-- Allowing those who default on repayment agreements to A) re-enter into those agreements, if they pay what's due, or B) to enter into new agreements, if the EC approves.

-- Creating a voluntary trust fund that would be used to pay off poor countries arrears.

18. (U) The EC was not ready to decide on any of these options and requested the S-G to continue studying the matter and report back at the EC's 57th session. PermReps were most skeptical about the proposal to create a trust fund to pay off arrears, noting that the concept raised concerns about conflict of interest and influence peddling. A number of PermReps and WMO staff have said they believe that some Members buy votes from Members in arrears by giving them money to pay their arrears just before sessions of Congress.

----- STRENGTHENING INTERNAL AND EXTERNAL AUDIT -----

19. (U) Having heard the reports and recommendations of the Audit Committee, FINAC, and the external auditor and understanding the S-G's desire to improve internal controls, the EC agreed on the need to strengthen WMO's internal audit function and conduct external audits more frequently. The S-G presented three options for strengthening internal audit: 1) staff increases, 2) a mix of staff increases and outsourcing, and 3) complete outsourcing. Having considered these options, the EC took two decisions:

-- It requested that the S-G strengthen WMO's internal audit function on an urgent basis within the budget envelope for 2006-2007. The approved program and budget for 2006-2007 provides CHF 1.2 million (about to \$940,000) for internal audit, up from CHF 741,000 (about \$579,000) in 2004-2005.

-- It requested that the S-G explore the option for outsourcing some or all of the internal audit function and report his findings at the EC's 58th session.

-- It decided that external audits would be conducted on an annual basis starting in 2005.

10. (U) While no one disputed the utility and necessity of outsourcing some elements of internal audit, some PermReps opposed outsourcing the entire internal audit function, either to the UN Office of Inspection and Oversight Services (OIOS) or another provider. The French and Japanese PermReps were the most vocal opponents.

----- CODE OF ETHICS -----

11. (U) The S-G informed the EC that WMO would immediately adopt the ICSC Standards of Conduct on an interim basis. S-G noted that WMO has had no code of staff conduct in place and that such a code is an important element of his efforts

to build an anti-fraud organizational culture. Recognizing that the ICSC Standards of Conduct have weaknesses, the S-G committed himself to developing a code of ethics for WMO that would be stronger than the ICSC Standards of Conduct. The EC welcomed these moves and requested that he present a proposed WMO code of ethics at its 58th session.

STAFF MATTERS

¶12. (U) Advisor to the U.S. PermRep raised concerns about differences between WMO's policies related to paternity leave, DSA for senior officials, and educational benefits for staff residing and serving outside their home country and those of UN Headquarters in New York. The Secretariat opposed immediate action on the DSA issue, noting that it would produce limited savings and had not yet been reviewed by the ICSC. The French PermRep's Alternate opposed immediate action on the educational benefits issue, citing a disproportionate impact on French nationals. No other PermReps spoke on these matters, but the Swiss Mission has subsequently taken interest in the educational benefits issue. In the end, the EC took two decisions:

-- It EC requested that the S-G harmonize WMO's paternity leave policy with that of the International Civil Service Commission (ICSC).

-- It requested that the S-G study the option of harmonizing WMO's policies regarding DSA for senior officials and educational benefits for staff residing and serving outside their home country with those of the UN Headquarters in New York and report his findings to the EC's 58th session.

GENDER ISSUES

¶13. (U) Advisor to the U.S. PermRep intervened to ask that the WMO present side-by-side comparisons of the number and percentage of men and women in professional positions. The Secretariat took the point, and we expect future information

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of this type to be in the format requested.

¶14. (U) With regard to the third women's conference, which had not been specified in the list of events in the S-G's proposed program and budget for 2006-2007, the EC reminded the S-G that the 14th Congress had requested that he make appropriate arrangements for that conference to take place before the end of 2007.

NEW DATA ON CONSULTANTS CONTRACTS AND PROCUREMENT

¶15. (U) At his own initiative, the S-G presented information about WMO's consultancy contracts and procurement actions during 2004. PermReps welcomed this as a positive step forward that would provide greater transparency.

¶16. (U) Data on consultancy contracts included: the name and nationality of the contractor, number of days employed, cost, source of funding (regular or extrabudgetary), task, location where the work was performed, and total amounts per country in CHF. At CHF 342,700 (about \$268,000), the U.S. was the second largest provider of consultancy services in 2004 behind Mexico at CHF 990,800 (about \$774,000). Mexico towered above all others due to a large water project that WMO is carrying out there with UNDP.

¶17. (U) Data on procurements included: the name and nationality of the supplier, good/services provided, cost, source of funding (regular or extrabudgetary), and location where the product was delivered. At CHF 565,371 (about \$442,000), the U.S. was the WMO's fourth largest supplier behind Germany, Switzerland, France, and Norway.

¶18. (U) The U.S. Permanent Representative to WMO -- Brigadier General John J. Kelly, Jr., USAF Retired -- and his U.S.-based advisors did not have a chance to clear this cable before their departure from Geneva.

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